DUKETON MINING LIMITED

ANNUAL FINANCIAL REPORT

2014

Corporate Information

DUKETON MINING LTD
ABN 76 159 084 107

Directors
Seamus Cornelius (Non-Executive Chairman)
Stuart Fogarty (Managing Director)
Dennis Wilkins (Non-Executive Director)

Company Secretary
Dennis Wilkins

Registered Office
Ground Floor, 20 Kings Park Road
WEST PERTH WA 6005

Principal Place of Business
Ground Floor, 31 Ventnor Avenue
WEST PERTH WA 6005
Telephone: +61 8 6315 1490
Facsimile: +61 8 9486 7093

Solicitors
Kings Park Corporate Lawyers
Level 2, 45 Richardson Street
WEST PERTH WA 6005

Bankers
National Australia Bank Limited
1232 Hay Street
WEST PERTH WA 6005

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Auditors
Rothsay Chartered Accountants
Level 1, Lincoln House
4 Ventnor Avenue
WEST PERTH WA 6005

Internet Address
www.duketonmining.com.au

Stock Exchange Listing
Duketon Mining Ltd shares are listed on the Australian Securities Exchange (ASX code: DKM)

Contents

Review of Operations

The Duketon Mining Limited Initial Public Offer successfully raised $7 million and was oversubscribed. The Company listed on ASX on 4 August 2014 and is well funded to actively explore its projects with the view to add shareholder value.

The 100 per cent-owned Duketon Project is located 80km north of Laverton in WA's rich Duketon Greenstone Belt, which is highly prospective for both nickel and gold.

The project is in the Eastern Goldfield Province, which contains several large nickel sulphide deposits, including Mt Keith, Perseverance, Honeymoon Well, Yakabindie, Cosmos, Black Swan and the Kambalda-Widgiemooltha district.

The growth potential at the Rosie deposits is exciting and open in all directions, in an area where less than 15 per cent of the prospective geology has been explored. The Company's C2 nickel prospect is located to the north of the Rosie deposits.

The Duketon Project also includes the Terminator and Thompson Bore gold prospects. At Terminator, a host of high-grade drilling results has outlined mineralisation over a 250m strike length, contained in a broader zone of mineralisation over 800m, where it remains open in both directions. Shallow drilling at Thompson Bore has also returned high-grade results, with an anomalous zone outlined over a 700m strike.

Directors' Report

The directors present their report together with the financial report of Duketon Mining Ltd ("Duketon" or "the Company") for the year ended 30 June 2014.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Seamus Cornelius
Non-Executive Chairman, LLB, LLM, (Age 48)

Mr Cornelius is a corporate lawyer and former partner of one of Australia's leading international law firms. He specialised in cross-border transactions, particularly in the resources sector.

Mr Cornelius has been based in Shanghai and Beijing since 1993 and brings more than 20 years of corporate experience in legal and commercial negotiations. He has also advised global companies on their investments in China and in recent years advised Chinese State-owned entities on their investments in overseas resource projects.

Mr Cornelius is currently the Chairman of Buxton Resources Ltd since 29 November 2010, Montezuma Mining Company Ltd since 30 June 2011 and South Boulder Mines Ltd since 15 July 2014.

Stuart Fogarty
Managing Director B.Sc (Geology) (Hons) (Age 42), appointed as a Director on 21 October 2013 and Managing Director upon Admission to ASX

Mr Fogarty has over 19 years of exploration experience with BHP Billiton and Western Mining Corporation. Until recently, he was BHP's Senior Exploration Manager for North and South America. Mr Fogarty has a very strong background in nickel and gold exploration, having commenced his career at Kambalda Nickel in 1994. He has held senior roles with BHP including Senior Geoscientist for nickel exploration in the Leinster and Mt Keith region, Project Manager WA Nickel Brownfields and Regional Manager Australia – Asia where he was responsible for a $100 million per annum exploration budget.

Mr Fogarty is currently a non-executive director of Buxton Resources Ltd since 11 July 2013.

Dennis Wilkins
B.Bus, MAICD, ACIS (Age 51)

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd a leading privately held corporate advisory firm servicing the natural resources industry. Since 1994 he has been a director of, and involved in the executive management of, several publicly listed resource companies with operations in Australia, PNG, Scandinavia and Africa. From 1995 to 2001 he was the Finance Director of Lynas Corporation Ltd during the period when the Mt Weld Rare Earths project was acquired by the group. He was also founding director and advisor to Atlas Iron Limited at the time of Atlas' initial public offering in 2006.

Since July 2001 Mr Wilkins has been a running DWCorporate Pty Ltd where he advises on the formation of, and capital raising for, emerging companies in the Australian resources sector. Mr Wilkins is currently a non-executive director of Key Petroleum Ltd since 5 July 2006 and an alternate director of Middle Island Resources Ltd since 1 May 2010. Within the last three years, Mr Wilkins has been a former director of ASX listed companies Enterprise Metals Ltd (resigned 15 November 2011) and Minemakers Ltd (resigned 4 December 2012).

Mark Gunther was a director from the beginning of the financial year until his resignation on 31 October 2013.

COMPANY SECRETARY

Dennis Wilkins

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Duketon Mining Limited were:

	Ordinary Shares	Options over Ordinary Shares
Seamus Cornelius	3,060,958	2,000,000
Stuart Fogarty	400,000	5,500,000
Dennis Wilkins	-	2,000,000

Directors' Report (Cont'd)

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year consisted of exploration and evaluation of mineral resources. There was no significant change in the nature of the Company's activities during the year.

DIVIDENDS

No dividends were paid or declared during the financial year. No recommendation for payment of dividends has been made.

FINANCE REVIEW

The Company recorded a net loss after tax of $739,992 for the financial year ended 30 June 2014 and included in the loss for the year was exploration expenditure of $599,393. In line with the Company's accounting policies, all exploration expenditure is written off in the year incurred. Total Company cash on hand at the end of the year was $1,774,144.

On 2 August 2013, the Company announced the successful completion of the non-renounceable pro rata rights issue which raised the full $1,584,160 before costs through the issue of 15,841,604 new ordinary shares at $0.10 each. On 19 June 2014 the Company lodged a prospectus for the Initial Public Offering of its securities, which included an offer of up to 40 million ordinary shares at a price of $0.20 to raise up to $8 million before costs. As at 30 June 2014 a total of $285,215 had been received in relation to the offer. The offer closed in July 2014 with acceptances for 35 million ordinary shares, being a total of $7 million raised, before costs, and the Company was admitted to the Official List of ASX on 1 August 2014. The funds raised will be used for exploration activities on the gold and nickel targets within the Duketon Project and working capital purposes.

Operating Results for the Year

Summarised operating results are as follows:

	2014	
	Revenues	**Results**
	$	**$**
Revenues and loss from ordinary activities before income tax expense	**318,502**	**(739,992)**

Shareholder Returns

	2014	2013
Basic loss per share (cents)	**(1.6)**	(16.1)

Risk Management

The board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the board.

The Company believes that it is crucial for all board members to be a part of this process, and as such the board has not established a separate risk management committee.

The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this Report, no significant changes in the state of affairs of the Company occurred during the financial year.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No matters or circumstances, besides those disclosed at note 19, have arisen since the end of the year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

Directors' Report (Cont'd)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Details of important developments occurring in this financial year have been covered in the Review of Operations section of the Directors' Report. The Company will continue activities in the exploration, evaluation and development of the Duketon Project and mineral tenements with the objective of developing a significant mining operation and any significant information or data will be released to the market and the shareholders pursuant to the Continuous Disclosure rules as and when they come to hand.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is subject to significant environmental regulation in respect to its exploration activities. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of Duketon Mining Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The board of Duketon Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company.

The board's policy for determining the nature and amount of remuneration for board members and senior executives (if any) of the Company is as follows:

The remuneration policy, setting the terms and conditions for the executive directors, was developed by the board. All executives receive a base salary (which is based on factors such as length of service, performance and experience) and superannuation. The board reviews executive packages annually by reference to the Company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

The directors and executives (if any) receive a superannuation guarantee contribution required by the government, which was 9.25% for the 2014 financial year (9.5% effective 1 July 2014). Some individuals may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is (currently $300,000) and set in accordance with the constitution of the Company. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

Performance based remuneration

The Company currently has no performance based remuneration component built into key management personnel remuneration packages.

Company performance, shareholder wealth and key management personnel remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and key management personnel performance. Currently, this is facilitated through the issue of options to the majority of key management personnel to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced. For details of key management personnel interests in options at year end, refer to the 'Option holdings' section later in the Remuneration Report.

Directors' Report (Cont'd)

Use of remuneration consultants

The Company did not employ the services of any remuneration consultants during the financial year ended 30 June 2014.

Voting and comments made at the Company's 2013 Annual General Meeting

The Company was not a disclosing entity for the 2013 financial year so no vote was required on the remuneration report at the Annual General Meeting.

Details of remuneration

Details of the remuneration of the key management personnel of the Company are set out in the following table.

The key management personnel of the Company include the directors as per page 5 above.

Key management personnel of the Company

	Short-Term		**Post Employment**		**Share-based Payments**	**Total**
	Salary & Fees	Non-Monetary	Super-annuation	Retirement benefits	Options	
	$	**$**	**$**	**$**	**$**	**$**
Directors						
Seamus Cornelius						
2014	**-**	**-**	**-**	**-**	**28,100**	**28,100**
2013	-	-	-	-	23,900	23,900
Stuart Fogarty (appointed 21 October 2013)						
2014	**76,154**	**-**	**7,044**	**-**	**103,686**	**186,884**
Dennis Wilkins						
2014	**-**	**-**	**-**	**-**	**28,100**	**28,100**
2013	-	-	-	-	23,900	23,900
Mark Gunther (resigned 31 October 2013)						
2014	**52,230**	**-**	**-**	**-**	**-**	**52,230**
2013	33,163	-	-	-	71,700	104,863
Total key management personnel compensation						
2014	**128,384**	**-**	**7,044**	**-**	**159,886**	**295,314**
2013	33,163	-	-	-	119,500	152,663

Service agreements

Stuart Fogarty, Managing Director:

- From commencement, paid an annual salary of $218,500 (including statutory superannuation) pro rata for 2.5 days a week as Executive Director. From quotation of the Company's shares on ASX Mr Fogarty will be paid $256,737 per annum (including statutory superannuation) on a full-time basis as Managing Director.
- The Company or the Executive may terminate, without cause, the Executive's employment at any time by giving three calendar months' written notice.
- In the event the Managing Director is terminated as result of one of the following circumstances the Company will make a six calendar months Redundancy Payment to the Executive at the base salary:
  - the Executive's position is made redundant by the Board;
  - there is a material diminution in the responsibilities or powers assigned to the Executive by the Board; or
  - there is a material reduction in the remuneration payable to the Executive as determined by the Board.

Mark Gunther, Executive Director:

- From commencement, paid an annual salary of $239,800 (including statutory superannuation) pro rata for 2.5 days a week as Executive Director.
- The agreement was terminated effective 31 October 2013. No termination monies were paid other than any remuneration and expenses owing for the period worked.

Directors' Report (Cont'd)

Share-based compensation

Options are issued at no cost to key management personnel as part of their remuneration. The options are not issued based on performance criteria, but are issued to the key management personnel of Duketon Mining Limited to increase goal congruence between key management personnel and shareholders. There were no options over ordinary shares of the Company granted to or vesting with key management personnel during the year. Options currently on issue that were previously granted to key management personnel are shown below:

	Grant Date	Granted Number	Vesting Date	Expiry Date	Exercise Price (cents)	Value per option at grant date (cents)	Exercised Number
Directors							
Seamus Cornelius	17/03/2014	1,000,000	17/03/2014	31/03/2019	20.0	2.81	-
Stuart Fogarty	17/03/2014	1,000,000	17/03/2014	31/03/2019	20.0	2.81	-
Stuart Fogarty	17/03/2014	1,500,000	06/05/2014	31/03/2019	25.0	2.27	-
Stuart Fogarty	17/03/2014	1,000,000	(1)	31/03/2019	30.0	1.86	-
Stuart Fogarty	17/03/2014	2,000,000	(2)	31/03/2019	35.0	1.56	-
Dennis Wilkins	17/03/2014	1,000,000	17/03/2014	31/03/2019	20.0	2.81	-

(1) These options vest upon admission of the Company's securities to the Official List of ASX (vesting was achieved on 1 August 2014).

(2) Of these options, 1,000,000 vest as per (1) above, the remaining 1,000,000 vest upon admission of the Company's securities to the Official List of ASX but pro rata calculated with reference to the amount of capital raised with 400,000 Options to be issued if the Company successfully completes a capital raising of at least $6,000,000, plus 150,000 options for every $1,000,000 in excess of $6,000,000 up to a maximum of 600,000 Options (a total of 1,550,000 options vested on 1 August 2014).

In respect of share options granted, the (theoretical) fair value is recognised over the vesting period as an employee benefit expense with a corresponding increase in equity. The theoretical fair value of the options is calculated at the date of grant taking into account the terms and conditions upon which the options were granted, the effects of non-transferability, exercise restrictions and behavioural considerations. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

The Directors do not consider the resultant value as determined by the Black-Scholes Option Pricing Model is in anyway representative of the market value of the share options issued, however, in the absence of reliable measure of the goods or services received, AASB 2: Share-based Payment prescribes the measurement of the fair value of the equity instruments granted. The Black-Scholes European Option Pricing Model is an industry accepted method of valuing equity instruments, at the date of grant.

Directors' Report (Cont'd)

Equity instruments held by key management personnel

Share holdings

The numbers of shares in the company held during the financial year by each director of Duketon Mining Limited and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2014	Balance at start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at end of the year
Directors of Duketon Mining Limited				
Ordinary shares				
Seamus Cornelius	**1,230,958**	**-**	**1,830,000**	**3,060,958**
Stuart Fogarty	**-**	**-**	**400,000**	**400,000**
Dennis Wilkins	**-**	**-**	**-**	**-**
Mark Gunther	**-**	**-**	**500,000**	**500,000[(1)]**

(1) Balance held at date of resignation (31 October 2013).

Option holdings

The numbers of options over ordinary shares in the Company held during the financial year by each director of Duketon Mining Limited and other key management personnel of the Company, including their personally related parties, are set out below:

2014	Balance at start of the year	Granted as compensati on	Exercised	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors of Duketon Mining Limited							
Seamus Cornelius	**1,000,000**	**1,000,000**	**-**	**-**	**2,000,000**	**2,000,000**	**-**
Stuart Fogarty	**-**	**5,500,000**	**-**	**-**	**5,500,000**	**2,500,000**	**3,000,000**
Dennis Wilkins	**1,000,000**	**1,000,000**	**-**	**-**	**2,000,000**	**2,000,000**	**-**
Mark Gunther	**3,000,000**	**-**	**-**	**-**	**3,000,000[(1)]**	**3,000,000**	**-**

(1) Balance held at date of resignation (31 October 2013).

Loans to key management personnel

There were no loans to key management personnel during the year.

Other transactions with key management personnel

Services

A total of $102,328 (2013: $87,729) was paid to DWCorporate Pty Ltd, a business of which Mr Wilkins is principal. DWCorporate Pty Ltd provided company secretarial, bookkeeping and other corporate services to the Company during the year. The amounts paid were at usual commercial rates with fees charged on an hourly basis. At 30 June 2014 there was nil outstanding to DWCorporate Pty Ltd (2013: nil).

A total of $26,400 (2013: $6,925) was paid to Eureka Geological Services Pty Ltd, a business of which Mr Gunther is a director. Eureka Geological Services Pty Ltd provided geological services to the Company during the year. The amounts paid were at usual commercial rates with fees charged on an hourly basis. At 30 June 2014 there was nil outstanding to Eureka Geological Services Pty Ltd (2013: nil).

End of audited Remuneration Report

Directors' Report (Cont'd)

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2014 and the number of meetings attended by each Director were:

	Total Directors Meetings Available	Directors Meetings Attended
Seamus Cornelius	2	2
Stuart Fogarty (appointed 21 October 2013)	2	2
Dennis Wilkins	2	2
Mark Gunther (resigned 31 October 2013)	-	-

The Audit Committee and Remuneration Committee are comprised of the full Board and did not hold any meetings during the year.

SHARES UNDER OPTION

Unissued ordinary shares of Duketon Mining Ltd under option at the date of this report are as follows:

Date options issued	Expiry date	Exercise price (cents)	Number of options
14 May 2013	14 May 2019	35.0	8,250,000
1 August 2013	1 August 2019	20.0	15,000,000
17 March 2014	31 March 2019	20.0	3,000,000
17 March 2014	31 March 2019	25.0	1,500,000
17 March 2014	31 March 2019	30.0	1,000,000
17 March 2014	31 March 2019	35.0	2,000,000
4 August 2014	4 August 2017	35.0	3,000,000
Total number of options outstanding at the date of this report			**33,750,000**

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

INSURANCE OF DIRECTORS AND OFFICERS

During the year, the Company has paid a premium in respect of Directors' and Executive Officers' insurance. The contract contains a prohibition on disclosure of the amount of the premium and the nature of the liabilities under the policy. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

Directors' Report (Cont'd)

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, Rothsay Chartered Accountants or associated entities. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor;
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Rothsay Chartered Accountants received or are due to receive the following amounts for the provision of non-audit services:

	2014 $	2013 $
Investigating Accountants Report	**11,000**	-

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Signed in accordance with a resolution of the directors.

Stuart Fogarty
Managing Director

Perth, 26 September 2014

ROTHSAY
Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

The Directors
Duketon Mining Ltd
31 Ventnor St
West Perth WA 6005

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit of the 30 June 2014 financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

GRSwan

Graham R Swan (Lead auditor)

Rothsay

Dated 26 September 2014

Corporate Governance Statement

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than twenty. There is no requirement for any shareholding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the Company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next annual general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the *Corporations Act 2001*, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The board has adopted the revised Recommendations and the following table sets out the Company's present position in relation to each of the revised Principles.

Corporate Governance Statement (Cont'd)

	ASX Principle	Status	Reference/comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	**A**	Matters reserved for the board are included on the Company's website.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**N/A**	The performance of executive and non-executive directors is reviewed by the board with the exclusion of the Director concerned. The performance of management and employees is reviewed by the Managing Director and approved by the Board. Acting in its ordinary capacity, the board from time to time carries out the process of considering and determining performance issues.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A**	The Company's board charter is available on the Company website.
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	**A**	The board comprises three directors, two of whom are independent (Dennis Wilkins and Seamus Cornelius).
2.2	The chair should be an independent director	**A**	
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**A**	The positions of Chairman and Managing Director are held by separate persons.
2.4	The board should establish a nomination committee	**A**	The nomination committee is comprised of the full board. A copy of the nomination committee charter is available on the Company's website. The nomination committee has not met during the reporting period, however all matters that might properly be dealt with by the nomination committee are subject to scrutiny at full Board meetings.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	**A**	The Board may undergo periodic formal assessment processes, including assessment of the Board's committees, where applicable. An independent third party consultant may be used to facilitate the assessment. An informal process of Board review which may be used by the Board requires each director to complete a questionnaire relating to the role, composition, procedures, practices and behaviour of the Board and its members. Senior executives having most direct contact with the Board may also be invited to complete similar questionnaires. Responses to the questionnaires are confidential and provided direct to the Chair. The Board as a whole then hold a facilitated discussion during which each Board member has the opportunity to raise any matter, suggestion for improvement or criticism with the Board as a whole. The Chair of the Board may also meet individually with each Board member to discuss their performance. Non-executive directors may also meet to discuss the performance of the Chair or the Managing Director.

A = Adopted
N/A = Not adopted

Corporate Governance Statement (Cont'd)

	ASX Principle	Status	Reference/comment
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	A	The skills, experience and period of office of Directors are set out in the Company's Annual Report (Directors' Report) and on its website.
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code	A	The Company has formulated a Code of Conduct which can be viewed on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	N/A	The Company has adopted a diversity policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. The Company does not think that it is appropriate to state measurable objectives for achieving gender diversity due to its size and stage of development.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	N/A	The Company has adopted a diversity policy which can be viewed on its website. The Company recognises that a diverse and talented workforce is a competitive advantage and encourages a culture that embraces diversity. However, given the Company's size and stage of development as an exploration company, the Board does not think it is yet appropriate to include measurable objectives in relation to gender. As the Company grows and requires more employees, the Company will review this policy and amend as appropriate.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	A	The proportion of women employees in the whole organisation is nil. There are currently no women in senior executive positions. There are currently no women on the board.
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3	A	
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee	A	The audit committee is comprised of the full Board. A copy of the audit committee charter is available on the Company's website.
4.2	The audit committee should be structured so that it:		
	• consists only of non-executive directors	N/A	There are two non-executive directors on the Board. Sourcing alternative directors to strictly comply with this Principle is considered expensive with costs out weighing potential benefits.

Corporate Governance Statement (Cont'd)

	ASX Principle	Status	Reference/comment
	• consists of a majority of independent directors	A	
	• is chaired by an independent chair, who is not chair of the board	A	
	• has at least three members	A	
4.3	The audit committee should have a formal charter	A	The Audit Committee Charter is available on the Company's website.
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	A	The audit committee should meet annually and otherwise as required.
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	A	A copy of the Continuous Disclosure Policy is available on the Company's website. The Board receives regular reports on the status of the Company's activities and any new proposed activities.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	A	
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	A	In line with adherence to continuous disclosure requirements of ASX, all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Reports, Half Yearly Reports, Quarterly Reports, the Company Website and the distribution of specific releases covering major transactions and events or other price sensitive information.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	A	The Company has formulated a Communication Policy which can be viewed on the Company's website.
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	A	The Company has formulated Risk Management policies within the Corporate Governance Statement which can be viewed on the Company website.

Corporate Governance Statement (Cont'd)

	ASX Principle	Status	Reference/comment
7.2	The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks	**A**	The full Board recognises its responsibility for identifying areas of significant business risk and ensuring that arrangements are in place to adequately manage these risks. This issue is regularly reviewed at Board meetings and a risk management culture is encouraged amongst employees and contractors.
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	**A**	Assurance received.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7		
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	**A**	A remuneration committee has been formed with the Charter available on the Company's website. The remuneration committee is comprised of the full Board. The remuneration committee has not met during the reporting period, however all matters that might properly be dealt with by the remuneration committee are subject to scrutiny at full Board meetings.
8.2	The remuneration committee should be structured so that it:		
	• consists of a majority of independent directors	**A**	
	• is chaired by an independent chair	**A**	
	• has at least three members.	**A**	
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	**A**	Refer to the Remuneration Report in the Company's Annual Report.
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	**A**	The executive director receives a superannuation guarantee contribution required by the government and does not receive any other retirement benefits.

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2014	Notes	Company	
		2014	2013
		$	$
REVENUE			
Interest	4	**62,121**	6,942
Other income		**-**	100
Fair value gain/(loss) on financial assets at fair value through the profit or loss		**256,381**	(1,182,383)
EXPENDITURE			
Administration expenses		**(294,732)**	(162,717)
Depreciation expense		**(262)**	-
Employee benefits expenses		**(4,221)**	-
Exploration expenditure		**(599,393)**	(3,579,456)
Share based payment expense	22	**(159,886)**	(197,175)
LOSS BEFORE INCOME TAX		**(739,992)**	(5,114,689)
INCOME TAX	6	**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF DUKETON MINING LIMITED		**(739,992)**	(5,114,689)
Basic and diluted earnings per share (cents per share)	21	**(1.6)**	(16.1)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2014

	Notes	Company 2014 $	Company 2013 $
CURRENT ASSETS			
Cash and cash equivalents	7	**1,774,144**	1,285,940
Trade and other receivables	8	**39,428**	14,063
Financial assets at fair value through profit or loss	9	**1,379,533**	1,123,152
TOTAL CURRENT ASSETS		**3,193,105**	2,423,155
NON-CURRENT ASSETS			
Plant and equipment	10	**4,446**	-
TOTAL NON-CURRENT ASSETS		**4,446**	-
TOTAL ASSETS		**3,197,551**	2,423,155
CURRENT LIABILITIES			
Trade and other payables	11	**55,895**	16,214
TOTAL CURRENT LIABILITIES		**55,895**	16,214
TOTAL LIABILITIES		**55,895**	16,214
NET ASSETS		**3,141,656**	2,406,941
EQUITY			
Issued capital	12	**8,153,276**	7,324,455
Reserves	13(a)	**843,061**	197,175
Accumulated losses	13(b)	**(5,854,681)**	(5,114,689)
TOTAL EQUITY		**3,141,656**	2,406,941

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2014 Company	Notes	Contributed Equity $	Options Reserve $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2012		2	-	-	2
Loss for the year		-	-	(5,114,689)	(5,114,689)
TOTAL COMPREHENSIVE LOSS		-	-	(5,114,689)	(5,114,689)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	12	7,324,453	-	-	7,324,453
Employee and contractor options	13(a)	-	197,175	-	197,175
BALANCE AT 30 JUNE 2013		7,324,455	197,175	(5,114,689)	2,406,941
Loss for the year		**-**	**-**	**(739,992)**	**(739,992)**
TOTAL COMPREHENSIVE LOSS		**-**	**-**	**(739,992)**	**(739,992)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS					
Shares issued during the year	12	**1,328,457**	**-**	**-**	**1,328,457**
Share issue transaction costs		**(499,636)**	**486,000**	**-**	**(13,636)**
Employee and contractor options	13(a)	**-**	**159,886**	**-**	**159,886**
BALANCE AT 30 JUNE 2014		**8,153,276**	**843,061**	**(5,854,681)**	**3,141,656**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2014	Notes	Company 2014 $	Company 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Interest received		**56,502**	5,546
Payments to suppliers and employees		**(268,312)**	(159,070)
Expenditure on mining interests		**(610,099)**	(101,456)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20	**(821,909)**	(254,980)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(4,708)**	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(4,708)**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		**1,328,457**	540,918
Payments for share issue transaction costs		**(13,636)**	-
Proceeds from Duketon Mining Ltd on in-specie distribution		**-**	1,000,000
NET CASH INFLOW FROM FINANCING ACTIVITIES		**1,314,821**	1,540,918
NET INCREASE IN CASH AND CASH EQUIVALENTS		**488,204**	1,285,938
Cash and cash equivalents at the beginning of the financial year		**1,285,940**	2
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	7	**1,774,144**	1,285,940

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Company consisting of Duketon Mining Ltd. The financial statements are presented in the Australian currency. Duketon Mining Ltd is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 26 September 2014. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

(i) Compliance with IFRS

The financial statements of Duketon Mining Ltd comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Company

The Company has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the first time for the annual reporting period commencing 1 July 2013 that are relevant to the Company include:

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 12 *Disclosure of Interests in Other Entities*;
- AASB 13 *Fair Value Measurement*;
- AASB 119 *Employee Benefits*;
- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*; and
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior years. However, the above standards have affected the disclosures in the notes to the financial statements.

(iii) Early adoption of standards

The Company has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2013.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(c) Revenue recognition

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(d) Income tax

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associated operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Leases

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(f) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) Trade and other receivables

Receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(i) Investments and other financial assets

Classification

The Company classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Financial assets - reclassification

The Company may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Company may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within revenue from continuing operations or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of revenue from continuing operations when the Company's right to receive payments is established.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Details on how the fair value of financial investments is determined are disclosed in note 2.

Impairment

The Company assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

If there is evidence of impairment for any of the Company's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

(j) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term. The rate used was 33% per annum.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Company's policy to transfer the amounts included in other reserves in respect of those assets to retained earnings.

(k) Exploration and evaluation costs

Exploration and evaluation costs are expensed as they are incurred.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

(m) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Share-based payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of options that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(n) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(o) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Notes to the Financial Statements (Cont'd)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(q) New accounting standards and interpretations

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Company does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

(r) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Share based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

2. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

Risk management is carried out by the full Board of Directors as the Company believes that it is crucial for all board members to be involved in this process. Senior management, as required, has responsibility for identifying, assessing, treating and monitoring risks and reporting to the board on risk management.

Notes to the Financial Statements (Cont'd)

2. FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Market risk

(i) Foreign exchange risk

As all operations are currently within Australia, the Company is not exposed to any material foreign exchange risk.

(ii) Price risk

The Company is exposed to equity securities price risk. This arises from investments held by the Company and classified in the statement of financial position at fair value through the profit and loss. The Company is not exposed to commodity price risk. At the reporting date, the Company has investments in ASX listed equity securities.

Sensitivity analysis

The Company's equity investments are listed on the Australian Stock Exchange (ASX) and are all classified at fair value through the profit or loss. At 30 June 2014, if the value of the equity investments held had increased/decreased by 15% with all other variables held constant, post tax loss for the Company would have been $206,930 lower/higher (2013: $177,357 lower/higher) as a result of gains/losses on the fair value of the financial assets.

(iii) Interest rate risk

The Company is exposed to movements in market interest rates on cash and cash equivalents. The Company's policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Company $1,774,144 (2013: $1,285,940) is subject to interest rate risk. The proportional mix of floating interest rates and fixed rates to a maximum of six months fluctuate during the year depending on current working capital requirements. The weighted average interest rate received on cash and cash equivalents by the Company was 3.0% (2013: 4.2%).

Sensitivity analysis

At 30 June 2014, if interest rates had changed by -/+ 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Company would have been $20,666 lower/higher (2013: $55 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) Credit risk

The Company has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the statement of financial position and notes to the financial statements.

As the Company does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity risk

The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Company. Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. The Board of Directors constantly monitor the state of equity markets in conjunction with the Company's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Company are confined to trade and other payables as disclosed in the Statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date.

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the balance date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Notes to the Financial Statements (Cont'd)

3. SEGMENT INFORMATION

Industry and geographical segment

The Company operates in one segment, being the mining exploration sector in Australia.

In determining operating segments, the Company has had regard to the information and reports the Managing Director decision maker uses to make strategic decisions regarding resources. The Managing Director is considered to be the chief operating decision maker and is empowered by the Board of Directors to allocate resources and assess the performance of the Company.

4. REVENUE

	Company	
	2014	**2013**
	$	**$**
From continuing operations		
Interest from financial institutions	**62,121**	6,942

5. EXPENSES

Loss before income tax includes the following specific expenses:		
Superannuation expense	**7,128**	-

6. INCOME TAX

(a) Income tax expense/(benefit)		
Current tax	**-**	-
Deferred tax	**-**	-
	-	-
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	**(739,992)**	(5,114,689)
Prima facie tax benefit at the Australian tax rate of 30% (2013: 30%)	**(221,998)**	(1,534,407)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	**47,966**	-
	(174,032)	(1,534,407)
Movements in unrecognised temporary differences	**(77,732)**	354,715
Tax effect of current year tax losses for which no deferred tax asset has been recognised	**251,764**	1,179,692
Income tax expense/(benefit)	**-**	-

Notes to the Financial Statements (Cont'd)

	Consolidated	
	2014	2013
	$	$
6. INCOME TAX (Cont'd)		
(c) Unrecognised temporary differences		
Deferred Tax Assets (at 30%)		
On Income Tax Account		
Capital raising costs	**3,273**	-
Financial assets at fair value through profit or loss	**277,801**	354,715
Carry forward tax losses	**1,431,456**	1,179,692
	1,712,530	1,534,407
Set off of deferred tax liabilities	**-**	-
Net deferred tax assets	**1,712,530**	1,534,407
Less deferred tax assets not recognised	**(1,712,530)**	(1,534,407)
	-	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Company's ability to use losses in the future is subject to the Company satisfying the relevant tax authority's criteria for using these losses.

7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**444,144**	242,288
Short-term deposits	**1,330,000**	1,043,652
Cash and cash equivalents as shown in the statement of financial position and the statement of cash flows	**1,774,144**	1,285,940

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

Trade and other receivables	**39,428**	14,063

9. CURRENT ASSETS – FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Australian listed equity securities	**1,379,533**	1,123,152

The market value of all equity investments represent the fair value based on quoted prices on active markets (ASX) as at the reporting date without any deduction for transaction costs. These investments are classified as Level 1 financial instruments. There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of these financial instruments, or changes in its classification as a result of a change in the purpose or use of these assets.

Changes in fair values of financial assets at fair value through profit or loss are disclosed directly on the face of the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements (Cont'd)

	Consolidated 2014 $	Consolidated 2013 $
10. NON-CURRENT ASSETS - PLANT AND EQUIPMENT		
Plant and equipment		
Cost	**4,708**	-
Accumulated depreciation	**(262)**	-
Net book amount	**4,446**	-
Plant and equipment		
Opening net book amount	**-**	-
Additions	**4,708**	
Depreciation charge	**(262)**	-
Closing net book amount	**4,446**	-
11. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Trade payables	**39,905**	11,214
Other payables and accruals	**15,990**	5,000
	55,895	16,214

12. ISSUED CAPITAL

(a) Share capital

	Notes	2014 Number of shares	2014 $	2013 Number of shares	2013 $
Ordinary shares fully paid	12(b), 12(d)	**47,524,812**	**8,153,276**	31,683,208	7,324,455
Total issued capital		**47,524,812**	**8,153,276**	31,683,208	7,324,455

	2014 Number of shares	2014 $	2013 Number of shares	2013 $
(b) Movements in ordinary share capital				
Beginning of the financial year	**31,683,208**	**7,324,455**	2	2
Issued during the year:				
• In-specie distribution @ $0.221 each (i)	**-**	**-**	31,683,206	6,783,535
• Issued for cash @ $0.10 each (ii)	**15,841,604**	**1,043,242**	-	540,918
• Issued for cash @ $0.20 each (iii)	**-**	**285,215**	-	-
Transaction costs	**-**	**(499,636)**	-	-
End of the financial year	**47,524,812**	**8,153,276**	31,683,208	7,324,455

(i) In-specie distribution of shares held by South Boulder Mines Ltd.
(ii) Non-renounceable rights issue with shares issued in 2014 financial year, with part proceeds received as at 30 June 2013.
(iii) Funds received in advance of Initial Public Offering, with shares issued on 24 July 2014.

Notes to the Financial Statements (Cont'd)

12. ISSUED CAPITAL (Cont'd)

(c) Movements in options on issue

	Number of options	
	2014	**2013**
Beginning of the financial year	**8,250,000**	-
Issued during the year:		
Exercisable at $0.20 on or before 31 March 2019	**3,000,000**	-
Exercisable at $0.20 on or before 1 August 2019	**15,000,000**	-
Exercisable at $0.25 on or before 31 March 2019	**1,500,000**	-
Exercisable at $0.30 on or before 31 March 2019	**1,000,000**	-
Exercisable at $0.35 on or before 31 March 2019	**2,000,000**	-
Exercisable at $0.35 on or before 14 May 2019	**-**	8,250,000
End of the financial year	**30,750,000**	8,250,000

(d) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(e) Capital risk management

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2014 and 30 June 2013 are as follows:

	Company	
	2014	**2013**
	$	**$**
Cash and cash equivalents	**1,774,144**	1,285,940
Trade and other receivables	**39,428**	14,063
Financial assets at fair value through profit or loss	**1,379,533**	1,123,152
Trade and other payables	**(55,895)**	(16,214)
Working capital position	**3,137,210**	2,406,941

13. RESERVES AND ACCUMULATED LOSSES

(a) Reserves

Share-based payments reserve		
Balance at beginning of year	**197,175**	-
Supplier options	**486,000**	-
Employees and contractors options	**159,886**	197,175
Balance at end of year	**843,061**	197,175

Notes to the Financial Statements (Cont'd)

	Company	
	2014	2013
	$	$
13. RESERVES AND ACCUMULATED LOSSES (Cont'd)		
(b) Accumulated losses		
Balance at beginning of year	**(5,114,689)**	-
Net loss for the year	**(739,992)**	(5,114,689)
Balance at end of year	**(5,854,681)**	(5,114,689)

(c) Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued.

14. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

15. RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation		
Short-term benefits	**128,384**	33,163
Post-employment benefits	**7,044**	-
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Share-based payments	**159,886**	119,500
	295,314	152,663

Detailed remuneration disclosures are provided in the remuneration report on pages 7 to 10.

(b) Loans to related parties

There were no loans to related parties, including key management personnel, during the year.

(c) Transactions and balances with other related parties

Services

A total of $102,328 (2013: $87,729) was paid to DWCorporate Pty Ltd, a business of which Mr Wilkins is principal. DWCorporate Pty Ltd provided company secretarial, bookkeeping and other corporate services to the Company during the year. The amounts paid were at usual commercial rates with fees charged on an hourly basis. At 30 June 2014 there was nil outstanding to DWCorporate Pty Ltd (2013: nil).

A total of $26,400 (2013: $6,925) was paid to Eureka Geological Services Pty Ltd, a business of which Mr Gunther is a director. Eureka Geological Services Pty Ltd provided geological services to the Company during the year. The amounts paid were at usual commercial rates with fees charged on an hourly basis. At 30 June 2014 there was nil outstanding to Eureka Geological Services Pty Ltd (2013: nil).

16. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

(a) Audit services		
Rothsay Chartered Accountants - audit and review of financial reports	**28,000**	10,000
(b) Non-audit services		
Rothsay Chartered Accountants – Investigating Accountants Report	**11,000**	-

Notes to the Financial Statements (Cont'd)

17. CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Company at balance date.

18. COMMITMENTS

	Company	
	2014	**2013**
	$	**$**
Exploration commitments		
The Company has certain commitments to meet minimum expenditure requirements on the mineral exploration assets it has an interest in.		
Outstanding exploration commitments are as follows:		
within one year	**998,880**	922,560
later than one year but not later than five years	**3,995,520**	-
	4,994,400	922,560

19. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to financial year end, the Company completed the Initial Public Offering raising $7 million before costs. A total of 35,000,000 new ordinary shares were issued on 24 July 2014. In accordance with the underwriting agreement for the offer, a total of 3,000,000 options over ordinary shares were issued with an exercise price of $0.35 expiring 4 August 2017.

20. CASH FLOW INFORMATION

Reconciliation of net loss after income tax to net cash outflow from operating activities		
Net loss for the year	**(739,992)**	(5,114,689)
Non-Cash Items		
Share-based payment expense	**159,886**	197,175
Depreciation expense	**262**	-
Financial assets acquired via the issue of ordinary shares (i)	**-**	2,305,535
Exploration assets acquired via the issue of ordinary shares (i)	**-**	3,478,000
Change in operating assets and liabilities		
(Increase) in trade and other receivables	**(25,365)**	(14,063)
(Increase) in financial assets at fair value through profit or loss	**(256,381)**	(1,123,152)
Increase in trade and other payables	**39,681**	16,214
Net cash outflow from operating activities	**(821,909)**	(254,980)

(i) Assets acquired via the issue of ordinary shares through the in-specie distribution by South Boulder Mines Ltd.

Notes to the Financial Statements (Cont'd)

	Company	
	2014	2013
	$	$
21. LOSS PER SHARE		
(a) Reconciliation of earnings used in calculating earnings per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(739,992)**	(5,114,689)

(b) Weighted average number of shares used as the denominator

	No. of Shares	No. of Shares
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	**46,562,979**	31,683,206

(c) Information on the classification of options

As the Company has made a loss for the year ended 30 June 2014, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share. These options could potentially dilute basic earnings per share in the future.

22. SHARE-BASED PAYMENTS

a) Employee and Consultant Options

The Company provides benefits to employees (including directors), contractors and consultants of the Company in the form of share-based payment transactions, whereby employees, contractors and consultants render services in exchange for options to acquire ordinary shares. The options issued have exercise prices ranging from $0.20 to $0.35 and expiry dates ranging from 31 March 2019 to 14 May 2019.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

The weighted average fair value of the options granted during the year was 2.2 cents (2013: 12 cents). The fair value was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2014	2013
Weighted average exercise price (cents)	**26.3**	35.0
Weighted average life of the option (years)	**5.0**	6.0
Weighted average underlying share price (cents)	**10.0**	23.0
Expected share price volatility	**50.0%**	50.0%
Risk free interest rate	**3.38%**	2.54%

Notes to the Financial Statements (Cont'd)

22. SHARE-BASED PAYMENTS (Cont'd)

b) Supplier Options

Suppliers have been granted options in accordance with the terms of the non-renounceable pro-rata rights issue prospectus issued in May 2013. The exercise price of the options granted is 20 cents with an expiry date of 1 August 2019.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

The weighted average fair value of the options granted during the year was 3.2 cents (2013: N/A). The fair value was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2014	2013
Weighted average exercise price (cents)	**20.0**	-
Weighted average life of the option (years)	**6.0**	-
Weighted average underlying share price (cents)	**10.0**	-
Expected share price volatility	**50.0%**	-
Risk free interest rate	**2.96%**	-

Set out below are summaries of the share-based payment options granted per (a) and (b):

	Company			
	2014		2013	
	Number of options	Weighted average exercise price cents	Number of options	Weighted average exercise price cents
Outstanding at the beginning of the year	**8,250,000**	**35.0**	-	-
Granted	**22,500,000**	**22.1**	8,250,000	35.0
Forfeited	**-**	**-**	-	-
Exercised	**-**	**-**	-	-
Expired	**-**	**-**	-	-
Outstanding at year-end	**30,750,000**	**25.6**	8,250,000	35.0
Exercisable at year-end	**27,750,000**	**24.7**	8,250,000	35.0

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 5.0 years (2013: 6.0 years), with an exercise prices ranging from $0.20 to $0.35.

c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	Company	
	2014	2013
	$	$
Options issued to employees and contractors shown as share-based payments	**159,886**	197,175
Options issued to suppliers as part of share issue transaction costs	**486,000**	-
	645,886	197,175

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 19 to 37 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the notes to the financial statements.

The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.

Stuart Fogarty
Managing Director

Perth, 26 September 2014

ROTHSAY

Level 1, Lincoln House, 4 Ventnor Avenue, West Perth WA 6005
P.O. Box 8716, Perth Business Centre WA 6849
Phone (08) 9486 7094 www.rothsayresources.com.au

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF DUKETON MINING LIMITED

Report on the financial report

We have audited the accompanying financial report of Duketon Mining Limited ("the Company") which comprises the statement of financial position as at 30 June 2014 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The Directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

We are independent of the Company, and have met the independence requirements of Australian professional ethical requirements and the *Corporations Act 2001*.

Audit opinion

In our opinion the financial report of Duketon Mining Limited is in accordance with the *Corporations Act 2001*, including:

a) (i) giving a true and fair view of the Company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Rothsay

Rothsay Chartered Accountants

GRSw

Graham R Swan FCA
Partner

Dated 26 September 2014

Chartered Accountants

ASX Additional Information

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 22 September 2014.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

			Ordinary Shares	
			Number of holders	Number of shares
1	-	1,000	**206**	**84,028**
1,001	-	5,000	**177**	**456,462**
5,001	-	10,000	**234**	**1,737,420**
10,001	-	100,000	**396**	**15,590,467**
100,001		and over	**116**	**64,656,435**
			1,129	**82,524,812**
The number of equity security holders holding less than a marketable parcel of securities are:			**304**	**254,458**

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

		Listed ordinary shares	
		Number of shares	Percentage of ordinary shares
1	HSBC Custody Nominees Australia Ltd	7,593,467	9.20
2	Liam Raymond Cornelius	4,794,647	5.81
3	Citicorp Nominees Pty Ltd	3,446,479	4.18
4	Ranguta Ltd	2,898,547	3.51
5	Atoc Inc	2,282,853	2.77
6	National Nominees Ltd	1,997,862	2.42
7	Cheung Shun Resources Ltd	1,966,713	2.38
8	J P Morgan Nominees Australia Ltd	1,945,330	2.36
9	Alpha Boxer Ltd	1,717,986	2.08
10	BT Portfolio Services Ltd <Warrell Holdings S/F>	1,500,000	1.82
11	Montezuma Mining Company Ltd	1,250,000	1.51
12	Pan Australia Nominees Pty Ltd	1,204,000	1.46
13	Pennock Pty Ltd	1,000,000	1.21
14	Seamus Cornelius	1,000,000	1.21
15	Li Yingzhi	1,000,000	1.21
16	Kongming Investments Ltd	969,888	1.18
17	Mungala Investments Pty Ltd	900,000	1.09
18	Aradia Ventures Pty Ltd <J & A Brown Family A/C>	877,035	1.06
19	Jiang Bo	850,000	1.03
20	Duketon Consolidated Pty Ltd	805,744	0.98
		40,000,551	48.47

(c) Escrowed securities

Class	Number of securities	Escrow expiry
Ordinary fully paid shares	5,132,766	4 August 2016
Unlisted options exercisable at $0.20 expiring on 31 March 2019	3,000,000	4 August 2016
Unlisted options exercisable at $0.25 expiring on 31 March 2019	1,500,000	4 August 2016
Unlisted options exercisable at $0.30 expiring on 31 March 2019	1,000,000	4 August 2016
Unlisted options exercisable at $0.35 expiring on 31 March 2019	2,000,000	4 August 2016
Unlisted options exercisable at $0.35 expiring on 14 May 2019	3,000,000	4 August 2016

ASX Additional Information (Cont'd)

(d) Substantial shareholders

The Company has not received any notifications of substantial shareholding in accordance with section 671B of the *Corporations Act 2001*.

(e) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(f) Schedule of interests in mining tenements

Location	Tenement	Percentage held / earning
Duketon	E38/1535	100
Duketon	E38/1537	100
Duketon	E38/1800	100
Duketon	E38/2206	100
Duketon	E38/2231	100
Duketon	E38/2661	100
Duketon	E38/2666	100
Duketon	E38/2699	100
Duketon	E38/2714	100
Duketon	E38/2717	100
Duketon	E38/2737	100
Duketon	E38/2738	100
Duketon	E38/2781	100
Duketon	E38/2805	100
Duketon	E38/2811	100
Duketon	E38/2812	100
Duketon	E38/2819	100
Duketon	E38/2866	100
Duketon	E38/2898	100
Duketon	L38/174	100
Duketon	M38/330	100
Duketon	M38/1252	100
Duketon	P38/3893	100
Duketon	P38/3897	100
Duketon	P38/3984	100
Duketon	P38/4028	100
Duketon	P38/4033	100
Duketon	P38/4034	100
Duketon	P38/4092	100
Lake Disappointment	E45/329	100
Cardabia	E08/2302	20
Cardabia	E08/2303	20
Cardabia	E08/2322	20
Cardabia	E08/2411	20
Cardabia	E08/2423	20
Cardabia	E08/2424	20
Pilgangoora	E45/2375	10

ASX Additional Information (Cont'd)

(g) Unquoted securities

Class	Number of Securities	Number of Holders	Holders of 20% or more of the class: Holder Name	Holders of 20% or more of the class: Number of Securities
20 cent Options, Expiry 31 March 2019	3,000,000	3	DWCorporate Pty Ltd	1,000,000
			Seamus Cornelius	1,000,000
			Pato Negro	1,000,000
20 cent Options, Expiry 1 August 2019	15,000,000	1	Silver Sino Holdings	15,000,000
25 cent Options, Expiry 31 March 2019	1,500,000	1	Pato Negro	1,500,000
30 cent Options, Expiry 31 March 2019	1,000,000	1	Pato Negro	1,000,000
35 cent Options, Expiry 4 August 2017	3,000,000	1	Hartley Limited	3,000,000
35 cent Options, Expiry 31 March 2019	2,000,000	1	Pato Negro	2,000,000
35 cent Options, Expiry 14 May 2019	8,250,000	7	Mark Gunther	3,000,000

(h) Use of funds

The Company has, during the period from admission to the Official List of the ASX, used the funds in a way consistent with its initial business objectives.